

Auto Dealer Amendment Defeated By One Vote,

But Congressman Vows to Keep Fighting for Consumer Protections

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(Washington, DC) – Today, Rep. Luis V. Gutierrez (D-IL-4) offered an amendment to the Wall Street reform bill being deliberated in a House-Senate conference committee that would extend the protections of a new Consumer Financial Protection Bureau (CFPB) to consumers who get their auto loans from auto dealers. The amendment was defeated by one vote, 10-9. The amendment would have simply extended the oversight of the CFPB to transactions for auto loans originated through auto dealerships if and when the Federal Trade Commission fails to exercise oversight.

"We find ourselves on the verge of treating auto loans made through dealerships differently and less rigorously than any other credit transactions," Rep. Gutierrez said. "For most people, a car is the biggest or second biggest purchase they ever make. Leaving the auto dealers out leaves a consumer credit loophole you can drive a big honking SUV through. The predators in the car loan industry must have oversight just like every other financial institution."

Rep. Gutierrez's changes have the support of none other than the Pentagon, which has been repeatedly calling for regulation of the auto loan sector because many in the military run into financial problems with their car loans when on deployments. It is a source of hardship for soldiers and their families, but it is not limited to military families alone.

"It isn't just the Pentagon that makes a strong argument against this carveout," Rep. Gutierrez said in a statement introducing the amendment. "Let's remember that President Obama has announced his strong opposition to this carveout, that Elizabeth Warren remains firmly against it and that both Chairman Frank and Chairman Dodd have spoken eloquently in opposition to this unprincipled carve-out."

Rep. Gutierrez continued, "The amendment I offered didn't go as far as it should, but what it does is say that if the Federal Trade Commission -whose oversight over auto dealers I would maintain- fails to act on deceptive practices by auto dealers in a timely manner, then the CFPB would be able to step in and act as a backstop to stop abusive loan practices."

While Rep. Gutierrez narrowly lost the vote today, he said the fight is not over.

"Now the focus will be on the Senate conferees and the burden is on them to enact strong consumer protections for car buyers," Rep. Gutierrez said. "This is just one of the key consumer and taxpayer protections I am fighting for and I will not give up on these protections until the final gavel falls."

Rep. Gutierrez is also a strong proponent of the CFPB, the bank-funded ex-ante fund to pre-pay the cost of bank failures, fair regulations on international remittances, the so-called Volcker rule, and a number of other key provisions that protect consumers and tax-payers from the overindulgence of the credit and banking industries.

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